

107TH CONGRESS  
2D SESSION

# H. R. 2604

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## AN ACT

To authorize the United States to participate in and contribute to the seventh replenishment of the resources of the Asian Development Fund and the fifth replenishment of the resources of the International Fund for Agricultural Development, and to set forth additional policies of the United States towards the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development.



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1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. UNITED STATES CONTRIBUTION TO THE SEV-**  
 4 **ENTH REPLENISHMENT OF THE RESOURCES**  
 5 **OF THE ASIAN DEVELOPMENT FUND.**

6 The Asian Development Bank Act (22 U.S.C. 285–  
 7 285aa) is amended by adding at the end the following:

8 **“SEC. 31. SEVENTH REPLENISHMENT.**

9 **“(a) CONTRIBUTION AUTHORITY.—**

10 **“(1) IN GENERAL.—**The United States Gov-  
 11 ernor of the Bank may contribute on behalf of the  
 12 United States \$412,000,000 to the Asian Develop-  
 13 ment Fund, a special fund of the Bank.

14 **“(2) SUBJECT TO APPROPRIATIONS.—**The au-  
 15 thority provided by paragraph (1) shall be effective  
 16 only to such extent or in such amounts as are pro-  
 17 vided in advance in appropriations Acts.

18 **“(b) LIMITATIONS ON AUTHORIZATION OF APPRO-**  
 19 **PRIATIONS.—**For contribution authorized by subsection  
 20 (a), there are authorized to be appropriated to the Sec-  
 21 retary of the Treasury not more than \$412,000,000, with-  
 22 out fiscal year limitation.”.

1 **SEC. 2. UNITED STATES CONTRIBUTION TO THE FIFTH RE-**  
2 **PLENISHMENT OF THE RESOURCES OF THE**  
3 **INTERNATIONAL FUND FOR AGRICULTURAL**  
4 **DEVELOPMENT.**

5 (a) CONTRIBUTION AUTHORITY.—

6 (1) IN GENERAL.—The United States Governor  
7 of the International Fund for Agricultural Develop-  
8 ment may contribute on behalf of the United States  
9 \$30,000,000 to the International Fund for Agricul-  
10 tural Development.

11 (2) SUBJECT TO APPROPRIATIONS.—The au-  
12 thority provided by paragraph (1) shall be effective  
13 only to such extent or in such amounts as are pro-  
14 vided in advance in appropriations Acts.

15 (b) LIMITATIONS ON AUTHORIZATION OF APPRO-  
16 PRIATIONS.—For contribution authorized by subsection  
17 (a), there are authorized to be appropriated to the Sec-  
18 retary of the Treasury not more than \$30,000,000, with-  
19 out fiscal year limitation.

20 (c) REPORT ON PARTICIPATION OF THE IFAD IN  
21 THE ENHANCED HIPC INITIATIVE.—Within 3 months  
22 after the date of the enactment of this Act, the Secretary  
23 of the Treasury shall submit to the Committee on Finan-  
24 cial Services of the House of Representatives and the  
25 Committee on Foreign Relations of the Senate a report  
26 on the participation of the International Fund for Agricul-

1 tural Development in the Enhanced HIPC Initiative. The  
 2 report shall include a statement of the cost to the Inter-  
 3 national Fund for Agricultural Development of partici-  
 4 pating in the Enhanced HIPC Initiative, the effects of  
 5 such participation (if not reimbursed) on current and fu-  
 6 ture programs of the International Fund for Agricultural  
 7 Development, the feasibility of allowing the World Bank  
 8 HIPC Trust Fund to reimburse the International Fund  
 9 for Agricultural Development for the costs of such partici-  
 10 pation, and the amount of additional appropriations from  
 11 the United States to the World Bank HIPC Trust Fund  
 12 that would be necessary to allow such participation.

13 **SEC. 3. HIV/AIDS STRATEGIC PLAN.**

14 Title XVI of the International Financial Institutions  
 15 Act (22 U.S.C. 262p—262p-7) is amended by adding at  
 16 the end the following:

17 **“SEC. 1625. HIV/AIDS STRATEGIC PLAN.**

18 “The Secretary of the Treasury shall instruct the  
 19 United States Executive Directors at the African Develop-  
 20 ment Bank, the African Development Fund, the Asian De-  
 21 velopment Bank, the Asian Development Fund, a special  
 22 fund of the Asian Development Bank, and the Inter-Amer-  
 23 ican Development Bank, and the United States Governor  
 24 of the International Fund for Agricultural Development  
 25 to support continued efforts by such institutions as appro-

1 piate in regard to HIV/AIDS, tuberculosis, malaria, and  
2 other infectious diseases, including—

3 “(1) development and implementation of a stra-  
4 tegic plan to fight against the spread of HIV/AIDS,  
5 tuberculosis, malaria, and other infectious diseases;

6 “(2) integration of HIV/AIDS, tuberculosis,  
7 malaria, and other infectious diseases activities in  
8 ongoing projects as appropriate, development of new  
9 dedicated HIV/AIDS, tuberculosis, malaria, and  
10 other infectious diseases, projects as appropriate  
11 that take into consideration the institution’s man-  
12 date and core strengths, and the building of AIDS-  
13 mitigation measures into other projects;

14 “(3) design and implementation of HIV/AIDS,  
15 tuberculosis, malaria, and other infectious diseases  
16 impact assessment criteria into environmental and  
17 social assessment processes that the institution con-  
18 siders when designing and evaluating new project  
19 proposals;

20 “(4) work on disseminating information on best  
21 practices and project design for HIV/AIDS, tuber-  
22 culosis, malaria, and other infectious diseases  
23 projects; and

24 “(5) support training for professional staff on  
25 HIV/AIDS, tuberculosis, malaria, and other infec-

1        tious disease prevention issues to ensure that these  
2        health-related concerns are integrated into all as-  
3        pects of the work of the institution.”.

4    **SEC. 4. USER FEES.**

5        Title XVI of the International Financial Institutions  
6    Act (22 U.S.C. 262p—262p-7) is further amended by  
7    adding at the end the following:

8    **“SEC. 1626. USER FEES.**

9        “The Secretary of the Treasury shall instruct the  
10    United States Executive Director at the African Develop-  
11    ment Bank, the African Development Fund, the Asian De-  
12    velopment Bank, the Asian Development Fund, a special  
13    fund of the Asian Development Bank, and the Inter-Amer-  
14    ican Development Bank, and the United States Governor  
15    of the International Fund for Agricultural Development  
16    to oppose any loan, grant, document, or strategy that is  
17    subject to endorsement or approval by the board of direc-  
18    tors of any such institution, which includes user fees or  
19    service charges in impoverished countries directly or under  
20    the guise of community financing, cost-sharing, or cost re-  
21    covery mechanisms, for primary education or primary  
22    health care, including prevention and treatment efforts for  
23    HIV/AIDS, malaria, tuberculosis, and infant, child, and  
24    maternal well-being.”.

1 **SEC. 5. TRANSPARENCY.**

2 (a) UNITED STATES POLICY IN REGIONAL  
3 MULTILATERAL DEVELOPMENT INSTITUTIONS.—Title  
4 XV of the International Financial Institutions Act (22  
5 U.S.C. 262o—262o–2) is further amended by adding at  
6 the end the following:

7 **“SEC. 1504. TRANSPARENCY.**

8 “(a) IN GENERAL.—The Secretary of the Treasury  
9 shall instruct the United States Executive Director at the  
10 African Development Bank, the African Development  
11 Fund, the Asian Development Bank, the Asian Develop-  
12 ment Fund, a special fund of the Asian Development  
13 Bank, the Inter-American Development Bank, and the  
14 European Bank for Reconstruction and Development, and  
15 the United States Governor of the International Fund for  
16 Agricultural Development to—

17 “(1) continue to make efforts to promote great-  
18 er transparency regarding the activities of such in-  
19 stitutions, including project design, project moni-  
20 toring and evaluation, project implementation, re-  
21 source allocation, and decisionmaking;

22 “(2) support continued efforts to allow in-  
23 formed participation and input by affected commu-  
24 nities, including translation of information on pro-  
25 posed projects, providing information through infor-  
26 mation technology applications, oral briefings, and

1 outreach to and dialogue with community organiza-  
2 tions and institutions in affected areas; and

3 “(3) work toward ensuring that—

4 “(A) meetings of the Boards of Directors  
5 (or, in the case of the International Fund for  
6 Agricultural Development, the Board of Gov-  
7 ernors) of their respective institutions are open  
8 to the public and the media, except for discus-  
9 sion of sensitive matters such as individual per-  
10 sonnel matters;

11 “(B) transcripts of such meetings are  
12 available to the public no later than 60 calendar  
13 days after the meetings, except for discussion of  
14 sensitive matters such as individual personnel  
15 matters; and

16 “(C) all key documents that are presented  
17 for endorsement or approval by the Board of  
18 Directors (or, in the case of the International  
19 Fund for Agricultural Development, the Board  
20 of Governors) of their respective institutions  
21 will be made available to the public at least 15  
22 days before consideration by the Board.

23 “(b) STATEMENT OF GOALS.—The Secretary of the  
24 Treasury shall instruct the United States Executive Direc-  
25 tor at the African Development Bank, the African Devel-

1 opment Fund, the Asian Development Bank, the Asian  
2 Development Fund, a special fund of the Asian Develop-  
3 ment Bank, the Inter-American Development Bank, and  
4 the European Bank for Reconstruction and Development,  
5 and the United States Governor of the International Fund  
6 for Agricultural Development to inform their respective in-  
7 stitutions of the goals enumerated in subsection (a), in  
8 a manner that the Secretary of the Treasury deems appro-  
9 priate.”.

10 (b) CONGRESSIONAL TESTIMONY REQUIRED.—The  
11 United States Executive Directors at the African Develop-  
12 ment Bank, the African Development Fund, the Asian De-  
13 velopment Bank, the Asian Development Fund, a special  
14 fund of the Asian Development Bank, the Inter-American  
15 Development Bank, and the European Bank for Recon-  
16 struction and Development, and the United States Gov-  
17 ernor of the International Fund for Agricultural Develop-  
18 ment shall, at the request of the Committee on Financial  
19 Services of the House of Representatives or of the Com-  
20 mittee on Foreign Relations of the Senate appear before  
21 the committee making the request, on an annual basis,  
22 and testify on the efforts undertaken pursuant to section  
23 1504 of the International Financial Institutions Act and  
24 on other matters relating to any such institution.

25 (c) GRANTS.—

1           (1) IN GENERAL.—The Secretary of the Treas-  
2           ury may make grants in such amounts as the Sec-  
3           retary deems appropriate to any institution specified  
4           in paragraph (2) which—

5                   (A) has implemented the measures de-  
6                   scribed in section 1504 of the International Fi-  
7                   nancial Institutions Act; and

8                   (B) provides assurances to the Secretary  
9                   that the institution will use the grant solely for  
10                  transparency activities.

11           (2) INSTITUTIONS.—The institutions specified  
12           in this paragraph are the African Development  
13           Bank, the African Development Fund, the Asian De-  
14           velopment Bank, the Asian Development Fund, a  
15           special fund of the Asian Development Bank, the  
16           Inter-American Development Bank, the European  
17           Bank for Reconstruction and Development, and the  
18           International Fund for Agricultural Development.

19           (3) LIMITATIONS ON AUTHORIZATION OF AP-  
20           PROPRIATIONS.—For grants under this subsection,  
21           there are authorized to be appropriated to the Sec-  
22           retary of the Treasury not more than \$10,000,000  
23           for fiscal year 2002.

24           (d) CONGRESSIONAL PURSUIT OF TRANSPARENCY  
25           GOALS IN INTERPARLIAMENTARY DIALOGUES AND MEET-

1 INGS.—The Congress shall pursue the transparency goals  
2 described in section 1504 of the International Financial  
3 Institutions Act, in all official interparliamentary dia-  
4 logues and meetings as appropriate.

5 (e) PURSUIT OF TRANSPARENCY GOALS BY THE SEC-  
6 RETARY OF THE TREASURY.—The Secretary of the Treas-  
7 ury shall submit annually to the Committee on Financial  
8 Services of the House of Representatives and the Com-  
9 mittee on Foreign Relations of the Senate a written report  
10 detailing the steps that have been taken by the United  
11 States Executive Directors at the institutions, by the fi-  
12 nance ministers, and by the institutions, referred to in  
13 paragraph (1) to implement the measures described in  
14 such section 1504.

15 **SEC. 6. GENERAL OBJECTIVES.**

16 Title XVI of the International Financial Institutions  
17 Act (22 U.S.C. 262p—262p–7) is further amended by  
18 adding at the end the following:

19 **“SEC. 1627. GENERAL OBJECTIVES.**

20 “The Secretary of the Treasury shall instruct the  
21 United States Executive Director at the African Develop-  
22 ment Bank, the African Development Fund, the Asian De-  
23 velopment Bank, the Asian Development Fund, a special  
24 fund of the Asian Development Bank, and the Inter-Amer-  
25 ican Development Bank, and the United States Governor

1 of the International Fund for Agricultural Development  
2 to focus on poverty alleviation, economic growth, increased  
3 productivity, sustainable development, environmental pro-  
4 tection, labor rights, and an increased focus on edu-  
5 cation.”.

6 **SEC. 7. REQUIREMENTS FOR FINANCIAL SUPPORT FOR**  
7 **DAMS.**

8 Title XVI of the International Financial Institutions  
9 Act (22 U.S.C. 262p—262p-7) is further amended by  
10 adding at the end the following:

11 **“SEC. 1628. REQUIREMENTS FOR FINANCIAL SUPPORT FOR**  
12 **DAMS.**

13 “The Secretary of the Treasury shall instruct the  
14 United States Executive Directors at the African Develop-  
15 ment Bank, the African Development Fund, the Asian De-  
16 velopment Bank, the Asian Development Fund, a special  
17 fund of the Asian Development Bank, and the Inter-Amer-  
18 ican Development Bank, and the United States Governor  
19 of the International Fund for Agricultural Development  
20 to oppose any loan which provides support for any project  
21 that includes a dam unless the project conforms to all of  
22 the following terms:

23 “(1) Comprehensive and participatory assess-  
24 ments of the energy, water, and flood management  
25 needs to be met and different options for meeting

1       these needs are developed before detailed studies are  
2       done on any specific project.

3               “(2) Priority is given to demand side manage-  
4       ment measures and optimizing the performance of  
5       existing infrastructure before building any new  
6       projects.

7               “(3) No dam is built without full consultation  
8       with affected people.

9               “(4) Periodic participatory reviews are done for  
10      existing dams to assess issues including dam safety,  
11      and the possibility of dam decommissioning.

12              “(5) Mechanisms are developed to provide social  
13      compensation for those who are suffering the im-  
14      pacts of dams, and to restore damaged ecosystems.”.

15   **SEC. 8. STUDY BY THE GENERAL ACCOUNTING OFFICE.**

16       Within 1 year after the date of the enactment of this  
17   Act, the Comptroller General of the United States shall  
18   prepare and submit to the Committee on Financial Serv-  
19   ices of the House of Representatives and the Committee  
20   on Foreign Relations of the Senate a report on the bene-  
21   fits and costs of the African Development Fund, the Asian  
22   Development Fund, a special fund of the Asian Develop-  
23   ment Bank, the International Fund for Agricultural De-  
24   velopment, and the Fund for Special Operations of the

1 Inter-American Development Bank, providing grants in-  
2 stead of loans.

3 **SEC. 9. COMMENDATION.**

4 (a) FINDINGS.—The Congress finds that—

5 (1) the African Development Bank and Fund  
6 elected Omar Kabbaj, an official of the Ministry of  
7 Finance of Morocco, as the new President in 1995;

8 (2) President Kabbaj implemented successful  
9 fiscal and managerial reforms, including refocusing  
10 the activity of the African Development Fund on  
11 poverty alleviation;

12 (3) under the leadership of President Kabbaj,  
13 the African Development Bank began to issue yearly  
14 portfolio status reports reflecting improved project  
15 monitoring and supervision;

16 (4) President Kabbaj successfully emphasized  
17 the importance of project post-evaluation in helping  
18 the Bank avoid problems identified with earlier  
19 funded projects;

20 (5) President Kabbaj has taken a program ap-  
21 proach where all stakeholders, including the bene-  
22 ficiaries of the borrower countries, are involved in  
23 program design and implementation;

24 (6) President Kabbaj was unanimously ap-  
25 pointed to a second 5-year term in May 2000; and

1           (7) under the leadership of President Kabbaj,  
2           on June 6, 2001, Standard & Poor’s revised the out-  
3           look on its AA+ long term issuer ratings of the Af-  
4           rican Development Bank to stable from negative.

5           (b) COMMENDATION.—The Congress, on behalf of  
6 the people of the United States, commends President  
7 Omar Kabbaj for his successful reform efforts as Presi-  
8 dent of the African Development Bank and Fund, and en-  
9 courages his continued efforts at reform.

10 **SEC. 10. ACTION BY THE PRESIDENT.**

11           Title XVI of the International Financial Institutions  
12 Act (22 U.S.C. 262p—262p–7) is further amended by  
13 adding at the end the following:

14 **“SEC. 1629. ACTION BY THE PRESIDENT.**

15           “If the President determines that a foreign country  
16 has taken or has committed to take actions that either  
17 contribute or do not contribute to efforts of the United  
18 States to respond to, deter, or prevent acts of inter-  
19 national terrorism, the Secretary of the Treasury may,  
20 consistent with other applicable law, instruct the United  
21 States Executive Director at, or the United States Gov-  
22 ernor of, the regional multilateral development bank to take  
23 the determination into account in considering whether to  
24 approve an application of the country for assistance from  
25 the institution.”.

1 **SEC. 11. SENSE OF THE CONGRESS REGARDING PRIVATIZA-**  
2 **TION PROJECTS.**

3 Title XVI of the International Financial Institutions  
4 Act (22 U.S.C. 262p—262p-7) is further amended by  
5 adding at the end the following:

6 **“SEC. 1630. SENSE OF THE CONGRESS REGARDING PRIVAT-**  
7 **IZATION PROJECTS.**

8 “The Secretary of the Treasury should instruct the  
9 United States Executive Director at the Asian Develop-  
10 ment Bank, the African Development Bank, the African  
11 Development Fund, the International Fund for Agricul-  
12 tural Development, the Inter-American Development  
13 Bank, and the European Bank for Reconstruction and De-  
14 velopment, and the United States Governor of the Inter-  
15 national Fund for Agricultural Development to use the  
16 voice and vote of the United States to oppose the provision  
17 by the respective institution of assistance for a project  
18 that involves privatization of a government-held industry  
19 or sector if—

20 “(1) the privatization transaction is not imple-  
21 mented in a transparent manner;

22 “(2) the privatization transaction is not imple-  
23 mented in a manner that adequately protects the in-  
24 terests of workers, small investors, and vulnerable  
25 groups in society to the extent that they are affected  
26 by the privatization transaction; or

1           “(3) appropriate regulatory regimes have not  
 2           been established to ensure the proper function of  
 3           competitive markets in the industry or sector.”.

4   **SEC. 12. OPPOSITION OF UNITED STATES TO REDUCTION**  
 5                   **OF MINIMUM WAGE BELOW INTERNATION-**  
 6                   **ALLY RECOGNIZED LEVEL OF POVERTY.**

7           Title XVI of the International Financial Institutions  
 8   Act (22 U.S.C. 262p—262p-7) is further amended by  
 9   adding at the end the following:

10   **“SEC. 1631. OPPOSITION OF UNITED STATES TO REDUC-**  
 11                   **TION OF MINIMUM WAGE BELOW INTER-**  
 12                   **NATIONALLY RECOGNIZED LEVEL OF POV-**  
 13                   **ERTY.**

14           “The Secretary of the Treasury shall instruct the  
 15   United States Executive Director at the African Develop-  
 16   ment Bank, the African Development Fund, the Asian De-  
 17   velopment Bank, the Asian Development Fund, a special  
 18   fund of the Asian Development Bank, the Inter-American  
 19   Development Bank, and the European Bank for Recon-  
 20   struction and Development, and the United States Gov-  
 21   ernor of the International Fund for Agricultural Develop-  
 22   ment to oppose any loan, grant, document, or strategy  
 23   that is subject to endorsement or approval by the board  
 24   of directors of any such institution, which includes any  
 25   provision that would recommend or encourage the reduc-

1 tion of a country's minimum wage to a level of less than  
 2 \$2.00 per day.”.

3 **SEC. 13. SUPPORT FOR ASIAN DEVELOPMENT FUND AS-**  
 4 **SISTANCE FOR PROJECTS THAT ARE DI-**  
 5 **RECTED AT ADDRESSING ARSENIC CONTAMI-**  
 6 **NATION IN DRINKING WATER IN SOUTH ASIA.**

7 Title XVI of the International Financial Institutions  
 8 Act (22 U.S.C. 262p—262p-7) is further amended by  
 9 adding at the end the following:

10 **“SEC. 1632. SUPPORT FOR PROJECTS THAT ARE DIRECTED**  
 11 **AT ADDRESSING ARSENIC CONTAMINATION**  
 12 **IN DRINKING WATER IN SOUTH ASIA.**

13 “The Secretary of the Treasury shall instruct the  
 14 United States Executive Director at the Asian Develop-  
 15 ment Fund, a special fund of the Asian Development  
 16 Bank, to use the voice and vote of the United States to  
 17 support projects that are directed at addressing arsenic  
 18 contamination in drinking water in South Asia.”.

Passed the House of Representatives May 1, 2002.

Attest:

*Clerk.*